TABLED DOCUMENT NO. 28 15(3) TABLED ON MAR 31 2004

Northwest Territories Liquor Commission

49th Annual Report
2002 ~ 2003

Northwest Territories Liquor Commission

MEMBERS OF THE LEGISLATIVE ASSEMBLY

NWT Liquor Commission Annual Report

I am pleased to present herewith, for the information of the Members of the Legislative Assembly, the forty-ninth Annual Report for the Northwest Territories Liquor Commission for the fiscal year ended March 31, 2003.

Floyd K. Roland
Minister Responsible for the
NWT Liquor Commission

THE HONOURABLE FLOYD K. ROLAND
MINISTER OF FINANCE

NWT Liquor Commission Annual Report

Pursuant to Section 61 of the *Liquor Act*, we are pleased to submit the forty-ninth Annual Report for the fiscal year ended March 31, 2003.

We wish to express our thanks to all our staff for all their support and contribution to the progress of the NWT Liquor Commission during the past year.

Margaret Melhorn
Deputy Minister
Finance

RJ Courtoreille
General Manager
NWT Liquor Commission

Table of Contents

EXECUTIVE ORGANIZATION 4

AUDITED FINANCIAL STATEMENTS 5

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING 7
AUDITOR'S REPORT 8
BALANCE SHEET 9
STATEMENT OF INCOME 10
STATEMENT OF AMOUNT DUE TO THE GOVERNMENT OF THE NORTHWEST TERRITORIES 11
STATEMENT OF CASH FLOWS 12
NOTES TO FINANCIAL STATEMENTS 13

FINANCIAL RESULTS AND GENERAL STATISTICS 19

YEAR IN REVIEW 21
CONSOLIDATED OPERATION – EXCLUDING LIQUOR LICENSING BOARD 23
PERFORMANCE RATIOS/FIVE YEAR PERFORMANCE HISTORY – EXCLD. LIQUOR LICENSING BOARD 24
FIVE YEAR SALES HISTORY 26
LIQUOR SALES/LITRE SALES BY CUSTOMER TYPE 27

STORE OPERATIONS 29

LIQUOR/LITRES SOLD BY LOCATION 31
STORE/WAREHOUSE REVENUES BY LOCATION 33
PERFORMANCE RATIOS 33
SALES TO LICENSEES - $ & LITRES 39
SALES TO CONSUMERS - $ & LITRES 40
SALES BY CUSTOMER TYPE 41

RECYCLE OPERATIONS 43

BOTTLE DEPOT OPERATIONS 45
DEPOSIT UNITS SOLD & RETURNED BY LOCATION/DEPOSITS COLLECTED & PAID BY LOCATION 46
RATIO OF RETURNS TO SALES/DEPOT FEES PAID TO OPERATORS 47

EXECUTIVE ORGANIZATION

Minister Responsible
The Honourable Floyd K. Roland

Deputy Minister
Margaret Melhorn

NWT Liquor Commission

General Manager
Ron Courtoreille

Manager, Finance & Administration
Ruth Boden

Stocks Manager
Peter Maher

Audited Financial Statements

* Audited Financial Statements include Liquor Licensing Operations

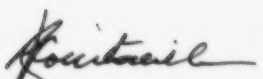
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Northwest Territories Liquor Commission ("the Commission") maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis and that the Commission acts in accordance with the laws of the Northwest Territories and Canada. The Commission's management recognizes its responsibility for conducting the Commission's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to a Territorial agency.

The accompanying financial statements were prepared by management in conformity with Canadian generally accepted accounting principles appropriate in the circumstances.

To discharge the responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded.

The Auditor General of Canada annually provides an independent, objective audit for the purpose of expressing an opinion on the financial statements. She also considers whether the transactions which come to her notice in the course of this audit are, in all significant respects, in accordance with the specified legislation.



R.J. Courtoreille
General Manager

May 9, 2003

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister of Finance

I have audited the balance sheet of the Northwest Territories Liquor Commission as at March 31, 2003 and the statements of income, amount due to the Government of the Northwest Territories and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Commission and the financial statements are in agreement therewith and the transactions of the Commission that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations, and the *Liquor Act* and regulations.

Roger Simpson, FCA
Principal
for the Auditor General of Canada

Edmonton, Canada
May 9, 2003

NORTHWEST TERRITORIES LIQUOR COMMISSION

Balance Sheet

March 31, 2003, with comparative figures for 2002

	2003 ($000's)	2002 ($000's)
Assets		
Current assets:		
Cash	$ 3,938	$ 2,366
Accounts receivable	75	2
Due from Nunavut Liquor Commission	25	15
Inventories (note 3)	2,308	2,707
Prepaid expenses	12	24
	6,358	5,114
Capital assets (note 4)	52	46
	$ 6,410	$ 5,160
Liabilities		
Current liabilities:		
Accounts payable	$ 1,693	$ 2,080
Due to the Government of the Northwest Territories	4,667	2,978
	6,360	5,058
Employee future benefits (note 5)	50	102
Commitments (note 8)		
	$ 6,410	$ 5,160

See accompanying notes to financial statements.

Approved by Management:

R.J. Courtoreille
General Manager

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Income

Year ended March 31, 2003, with comparative figures for 2002

	2003 ($000's)	2002 ($000's)
Sales:		
Beer	$ 16,801	$ 16,163
Spirits	14,418	13,898
Wine	3,364	3,088
Coolers and ciders	1,377	1,431
	35,960	34,580
Cost of goods sold:		
Beer	7,365	6,691
Spirits	4,299	4,147
Wine	1,399	1,261
Coolers and ciders	615	572
	13,678	12,671
Gross profit on sales	22,282	21,909
Other income:		
License fees and permits	567	558
Import fees and other income	248	362
	815	920
	23,097	22,829
Expenses:		
Commissions to agents	2,256	2,960
Salaries, wages and employee benefits	908	885
Administration	352	224
Travel	108	66
Rent	57	59
Inspectors' fees	48	51
Amortization of capital assets	14	49
Board member honoraria	38	24
	3,781	4,318
Net income	$ 19,316	$ 18,511

See accompanying notes to financial statements.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Amount Due to the Government of the Northwest Territories

Year ended March 31, 2003, with comparative figures for 2002

	2003 ($000's)	2002 ($000's)
Balance, beginning of year	$ 2,978	$ 2,303
Net income	19,316	18,511
Salaries, wages and benefits paid by the Government	964	885
	23,258	21,699
Net transfer of funds to the Government	18,591	18,721
Balance, end of year	$ 4,667	$ 2,978

See accompanying notes to financial statements.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Cash Flows

Year ended March 31, 2003, with comparative figures for 2002

	2003 ($000's)	2002 ($000's)
Cash flows from operating activities:		
Cash received from customers	$ 36,687	$ 35,554
Cash paid to suppliers and employees	(16,504)	(15,670)
Net cash provided by operating activities	20,183	19,884
Cash flows from investing activities:		
Purchase of capital assets	(20)	(30)
Net cash used in investing activities	(20)	(30)
Cash flows from financing activities:		
Cash transferred to the Government of the Northwest Territories	(18,591)	(18,721)
Net cash used in financing activities	(18,591)	(18,721)
Increase in cash	1,572	1,133
Cash, beginning of year	2,366	1,233
Cash, end of year	$ 3,938	$ 2,366

See accompanying notes to financial statements.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

Year ended March 31, 2003

---

1. Authority and operations:

The Northwest Territories Liquor Commission is established under Part II of the Northwest Territories Liquor Act. It is responsible for the operation of liquor stores and the purchase and distribution of liquor in the Northwest Territories through the Liquor Revolving Fund. The Department of Finance is responsible for the administration of the Fund through the Consolidated Revenue Fund. The Commission is authorized by the Legislative Assembly to receive interest-free working capital advances from time to time not exceeding $6,500,000 to finance its operations.

Net income for the year is to be transferred to the Government of the Northwest Territories in accordance with the Liquor Act.

These financial statements include the operations of the Liquor Licensing Board of the Northwest Territories.

The Commission is non-taxable under the Income Tax Act, Canada.

2. Significant accounting policies:

(a) Inventories:

Inventories are valued at replacement cost which is not materially different than cost. Cost includes invoiced cost, freight, duties and taxes.

(b) Capita assets:

Computer equipment represents hardware and software and is stated at cost. Amortization is provided on the straight-line basis at an annual rate of 33%.

Recycling equipment is stated at cost. Amortization is provided on cost less estimated salvage value on the straight-line basis at an annual rate of 10%.

Furniture and fixtures are stated at cost. Amortization is provided on cost less estimated salvage value on the straight-line basis at an annual rate of 20%.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements, continued

Year ended March 31, 2003

2. Significant accounting policies, continued:

(c) Pension benefits:

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Commission's contribution to the plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employee's required contributions, and may change from time to time depending on the experience of the Plan. These contributions represent the total pension obligations of the Commission and are charged to operations on a current basis. The Commission is not currently required to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

(d) Non-pension benefits:

The Commission is required to recognize certain non-pension post-employment benefits over the periods which employees render services to the Commission. Employees are entitled to specified benefits on termination as provided for under conditions of employment, through a severance benefit plan. The Commission recognizes the cost of future severance benefits over the periods in which the employees render services to the entity and the liability for these benefits is recorded in the accounts as the benefits accrue to employees.

(e) Use of estimates

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The preparation of accrual financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and contingencies during the reporting period. Actual results could differ from the estimates. The most significant items where estimates are used are employee severance liabilities, bottle returns and amortization of capital assets.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements, continued

Year ended March 31, 2003

3. Inventories:

	2003 ($000's)	2002 ($000's)
Spirits	$ 1,028	$ 1,130
Wine	367	477
Beer	773	961
Coolers and ciders	140	139
	$ 2,308	$ 2,707

4. Capital assets:

	Cost ($000's)	Accumulated amortization ($000's)	2003 Net book value ($000's)	2002 Net book value ($000's)
Computer equipment	$ 488	$ 458	$ 30	$ 25
Recycling equipment	150	135	15	15
Furniture and fixtures	37	30	7	6
	$ 675	$ 623	$ 52	$ 46

5. Employee future benefits:

Pension benefit:

During the year the Public Service Superannuation Plan ("PSSA") required the Commission to contribute to the PSSA at a rate of 2.14 times the employees' contributions. The Commission contributed $81,000 to the PSSA during the year (2002 – $72,000).

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements, continued

Year ended March 31, 2003

6. Related party transactions:

The Commission is related in terms of common ownership to all Government of the Northwest Territories created departments, agencies and corporations. The Commission enters into transactions with these entities in the normal course of business.

The Government of the Northwest Territories provides the Commission with various administrative services, the value of which is not reflected in these financial statements. The cost of these services has been estimated to be $39,110 for legal services provided by the Department of Justice, and $9,355 for payroll services provided by the Financial Management Board Secretariat.

7. Service agreement:

The Commission provides various corporate and program delivery services to the Nunavut Liquor Commission and Nunavut Liquor Licensing Board. It received $136,000 (2002 – $125,000) in fees for the services rendered. This amount is included in import fees and other income on the income statement.

8. Commitments:

The Commission has a five year lease agreement ending August 31, 2005 for its office premises and has office equipment under operating leases through to 2007. The minimum annual lease payments are:

	($000's)
Year ending March 31:	
2004	$ 56
2005	56
2006	27
2007	5
	$ 144

Annual lease payments for the office premises include operating costs which are subject to annual increases based on the consumer price index and adjustments for property tax assessments.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements, continued

Year ended March 31, 2003

9. Fair value of financial assets and financial liabilities:

The fair value of the Commission's cash, accounts receivable, due from Nunavut Liquor Commission, accounts payable and amount due to the Government of the Northwest Territories approximates their carrying amounts due to their short-term nature.

Financial Results & General Statistics

Year In Review

Net revenues from the sale of liquor increased to $19,231,000 in 2002/2003 from $18,381,000 in 2001/2002. The increased revenues of $850,000 or 4.6% over the previous year are due to increased economic activity in the Northwest Territories, primarily in the mining and other industries.

The total volumes of liquor sold increased by 246,000 litres. The increased volumes are due primarily to increased retail sales in Yellowknife, Fort Simpson, Norman Wells, Fort Smith and Hay River.

The consumer sales stated for Yellowknife are sales made to the two retail liquor stores from the liquor warehouse. However, they do not reflect actual retail sales made by the store operators. The two stores in Yellowknife are required to purchase their inventory from the liquor warehouse. However they are able to establish their own retail prices for liquor products they sell.

Mark – Ups

The Northwest Territories is one of two liquor jurisdictions in Canada that utilizes a flat rate mark-up to generate revenue from the sale of liquor.

In addition to product costs, freight, container deposits, GST, retail, warehousing and administrative costs, the flat rate mark-up generates the liquor price at which residents and licensed premises purchase liquor in each community. The application of a flat rate mark-up ensures that revenues generated from the sale of liquor products remain constant while retail prices vary from community to community.

The following mark-ups, per litre, were applied during the period ending March 31, 2003.

Spirits	$23.49
Wine	$ 6.99
Beer	$ 1.74
Coolers	$ 2.73
Ciders	$ 1.78

Import Permits

A person who is eligible to purchase and consume liquor in the Northwest Territories may import 1140ml of spirits or wine or twelve 355ml containers of beer. An import permit is required to import quantities greater than the allowable amounts.

Import permit fees per litre are as follows:

Spirits	$ 8.77
Wine	$ 7.02
Beer	$ 0.77
Coolers/ciders	$ 1.72

Container deposit and GST are in addition to the listed fees. Fourteen permits were issued in 2002/2003, which generated $2,000 in additional revenue.

Retailing and Warehousing

All retail outlets and warehouses are operated by private sector contractors. The Liquor Commission continued to operate the Nunavut Liquor Commission under a contracting agreement between the Government of the Northwest Territories and the Nunavut Government.

Contractors and expiry dates of each contract are as follows:

Fort Simpson Liquor Agency 974173 NWT Ltd.	October 31, 2003
Fort Smith Liquor Agency Martselos Services Ltd.	November 30, 2011
Hay River Liquor Warehouse Hay River Liquor Retailers (1991) Ltd.	January 31, 2004
Hay River Liquor Agency Hay River Liquor Retailers (1991) Ltd.	March 31, 2007
Inuvik Liquor Warehouse Stanton Group Ltd	June 30, 2004
Inuvik Liquor Agency Stanton Group Ltd	September 30, 2004
Norman Wells Liquor Agency Norman Wells Liquor Agency Ltd.	September 30, 2003
Yellowknife Liquor Agency 913007 NWT Ltd.	January 20, 2012
The Liquor Shop 4898 NWT Ltd.	January 20, 2012
Yellowknife Liquor Warehouse Hay River Liquor Retailers (1991) Ltd.	February 28, 2008

Resupply

The Liquor Commission uses water and road transportation modes to resupply liquor products to its liquor agencies and warehouses.

Approximately 95% of all liquor sold in the Northwest Territories is readily supplied by the highway system with little or no service interruptions caused by freeze up or break up of river crossings. Due to the availability of ferry service or winter ice crossings, Yellowknife, Inuvik and Fort Simpson liquor facilities must warehouse greater quantities of liquor to last over the freeze up or break up periods. Similarly, the Norman Wells liquor outlet is resupplied by barge with spirits, wine and beer during the summer months and again by winter road during the winter months.

The Liquor Commission purchases all domestic liquor products directly from the distillery, brewery or winery, while imported liquor products are purchased from the British Columbia Liquor Distribution Branch and some from Alberta Gaming and Liquor Commission. Some domestic suppliers have arranged to ship their product from warehouse facilities in Alberta, which enables the Liquor Commission to order on a more frequent basis. Resupplies from British Columbia and Alberta enable the Liquor Commission to purchase smaller quantities of liquor more frequently and reduce the amount of money tied up in inventories.

Recycling

In 1991, the Liquor Commission initiated a deposit refund program on all liquor containers except beer bottles from Molson and Labatt breweries. These breweries have a deposit refund program in place on their beer bottles sold in the Northwest Territories. In communities where the Liquor Commission has an outlet, liquor containers can be returned to local bottle depots for a full deposit refund.

During the year, 6,224,000 liquor containers were sold, while 3,948,000 containers or 63.4% were returned to bottle depots for a refund.

Approximately 5.3 million beer bottles from Labatt and Molson breweries were also sold. Labatt and Molson beer bottles may be returned to the local bottle depot for a refund determined by the local depot operator. These refunds vary from community to community. Approximately 90% of the Molson and Labatt beer bottles are returned to Brewers Distributing through their deposit refund program.

The Department of Resources, Wildlife and Economic Development is currently drafting legislation which would regulate the recycling of all beverage containers, including liquor, pop and juice containers. It is expected that this legislation will be passed in 2003/2004. Once this program is in place to recover, reuse and recycle beverage containers, the Liquor Commission's program will become part of the GNWT waste reduction and recovery program.

Consolidated Operations (Excluding Liquor Licensing Board)

Sales / Cost of Sales / Gross Margin

March 31, 2003

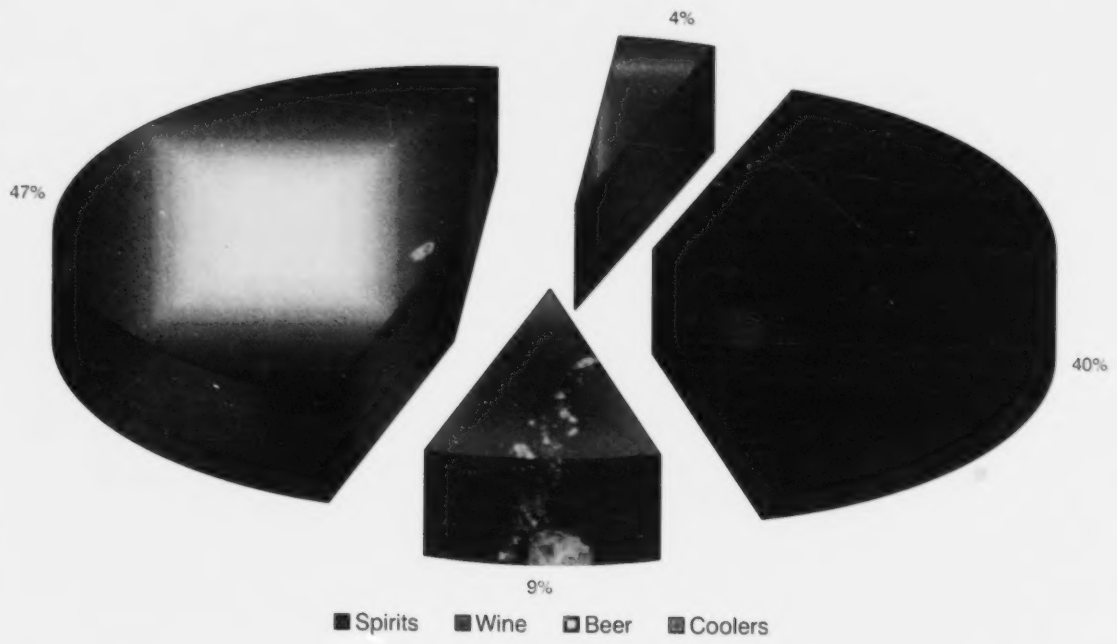
($000's)	Spirits	Wine	Beer	Coolers	2003	2002
Sales						
Consumers	12,190	2,821	10,029	926	25,966	24,842
Licensees	2,227	541	6,775	450	9,993	9,738
	14,418	3,364	16,800	1,377	35,959	34,580
Cost of Sales						
Beginning Inventory	1,129	477	961	139	2,706	3,088
Purchases	4,075	1,212	6,334	538	12,159	11,242
Freight	123	77	843	77	1,120	1,046
Ending Inventory	(1,028)	(368)	(772)	(140)	(2,308)	(2,706)
	4,299	1,398	7,366	614	13,677	12,670
Gross Margin	10,119	1,966	9,434	763	22,282	21,910
Other Income						
Import Permits					2	1
Bottle Deposit Program					76	228
Other					149	127
					227	356
Expenses						
Commissions to agents					2,256	2,960
Salaries, wages & employee benefits					638	642
Bank service charges					143	-
Amortization of capital assets					14	49
Travel					27	46
Rent					44	46
Office supplies					47	23
Computer services					55	54
Communications					17	23
Professional fees					15	5
Advertising					11	9
Losses due to breakage, spoilage and theft					7	8
Miscellaneous					4	20
					3,278	3,885
Net Income					19,231	18,381

Performance Ratios

March 31, 2003

Sales ratios	Spirits	Wine	Beer	Coolers	2003	2002
Category to Total Sales	40.1%	9.4%	46.7%	3.8%		
Consumer Sales to Total Category	84.5%	83.9%	59.7%	67.3%	72.2%	71.8%
Licensee Sales to Total Category	15.5%	16.1%	40.3%	32.7%	27.8%	28.2%
Profitability ratios						
% Gross Margin to Sales	70.2%	58.4%	56.2%	55.4%	62.0%	63.4%
% Net Income to Sales						53.5%
Efficiency ratio						
Inventory Turns	3.99	3.31	8.50	4.40	5.46	4.37

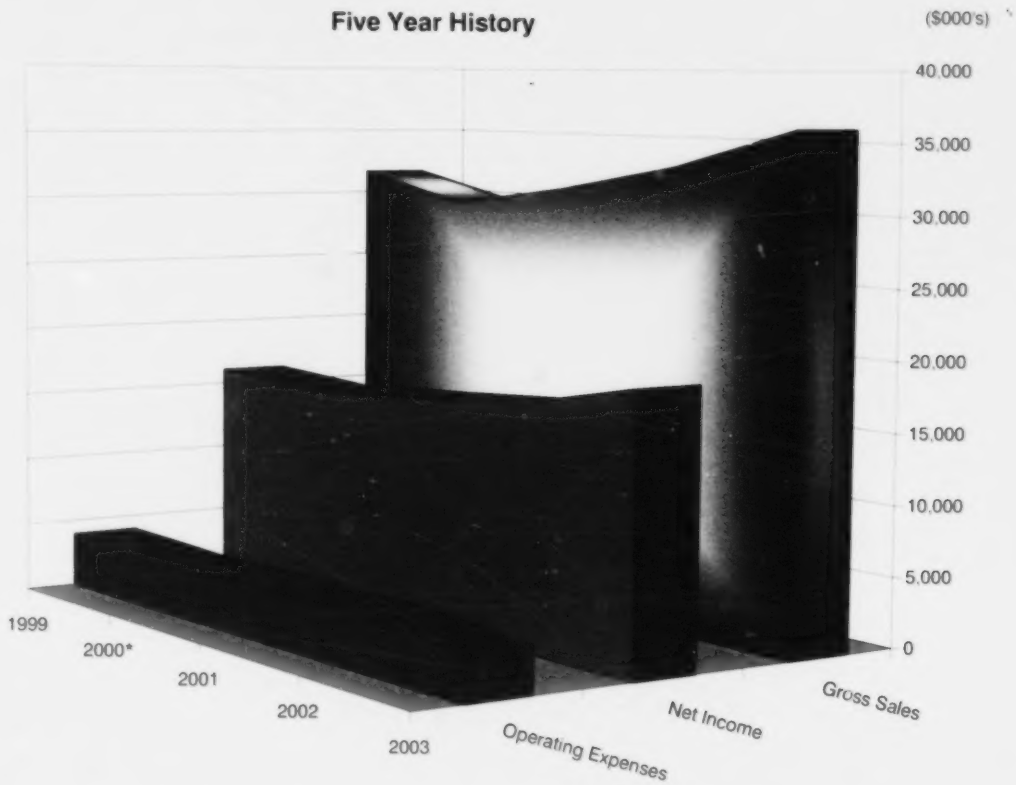
Sales - Category to Total Sales



Five Year Performance History

($000's)

Year ended March 31st	Gross Sales	% Change In Sales	Net Income	Net Income as % of Sales	Operating Expenses
1999	31,617	3.0%	16,043	50.74%	3,930
2000*	29,613	-6.3%	15,570	52.58%	3,651
2001	31,101	5.0%	16,292	52.38%	3,851
2002	33,082	6.4%	17,072	51.61%	3,885
2003	35,959	8.7%	19,231	53.48%	3,278

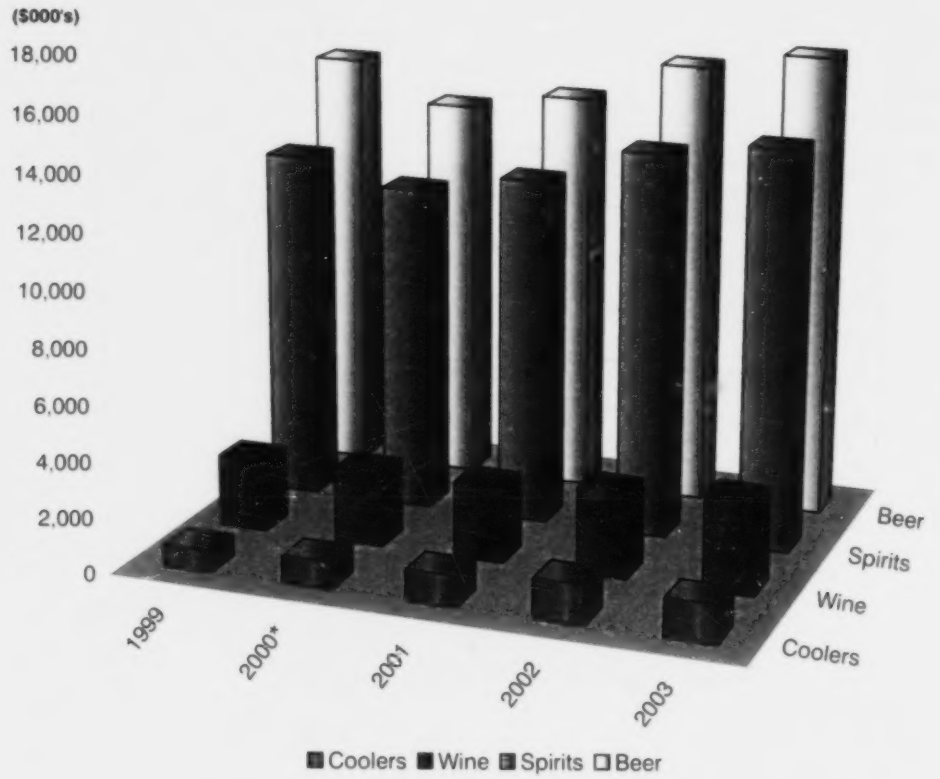


*Sales in 2000 and subsequent years no longer include Nunavut Liquor Sales.

Five Year Sales History

($000's)	1999	2000*	2001	2002	2003
Spirits	12,709	11,852	12,553	13,899	14,418
Wine	2,608	2,700	2,745	3,088	3,364
Beer	15,508	14,072	14,684	16,163	16,800
Coolers	792	989	1,119	1,431	1,377
	31,617	29,613	31,101	34,581	35,959

Five Year Sales History

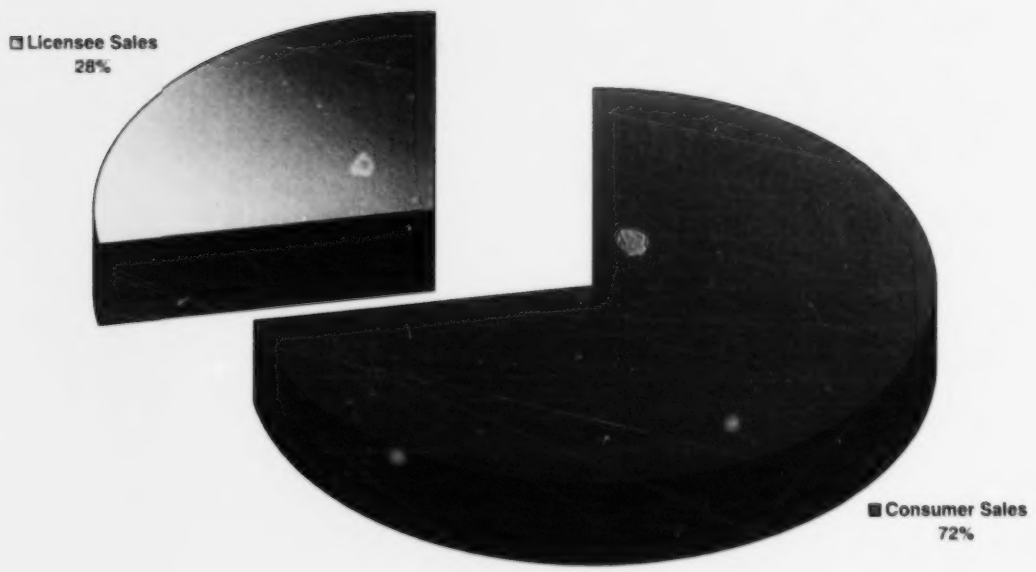


*Sales in 2000 and subsequent years no longer include Nunavut Liquor Sales.

Liquor Sales by Customer Type

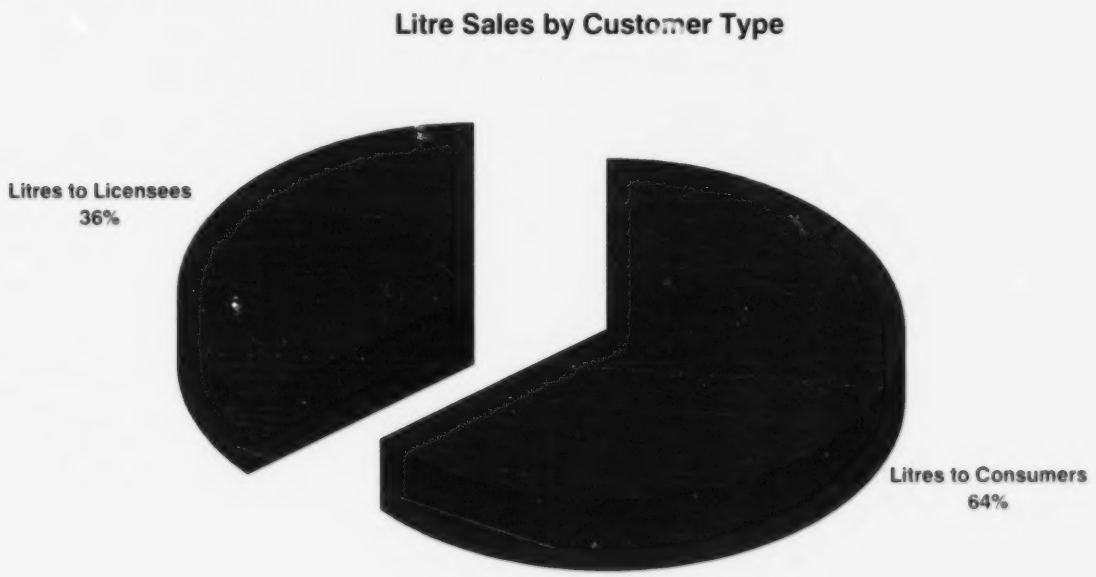
($000's)	2003	% of Total Sales
Sales to Consumers		
Spirits	12,190	33.9%
Beer	10,029	27.9%
Wine	2,821	7.8%
Coolers	926	2.6%
Total Consumer Sales	25,966	72.2%
Sales to Licensees		
Spirits	2,227	5.7%
Beer	6,775	18.8%
Wine	541	1.5%
Coolers	450	1.1%
Total Licensee Sales	9,993	27.8%
Total Sales	35,959	100.0%

Sales by Customer Type ($)



Litre Sales by Customer Type

(000's)	2003	% of Total Sales
Litres to Consumers		
Spirits	358	7.8%
Beer	2,206	48.1%
Wine	208	4.6%
Coolers	154	3.3%
Total Consumer Litre Sales	2,926	63.8%
Litres to Licensees		
Spirits	65	1.4%
Beer	1,491	32.4%
Wine	38	0.8%
Coolers	70	1.5%
Total Licensee Litre Sales	1,664	36.2%
Total Sales	4,590	100.0%



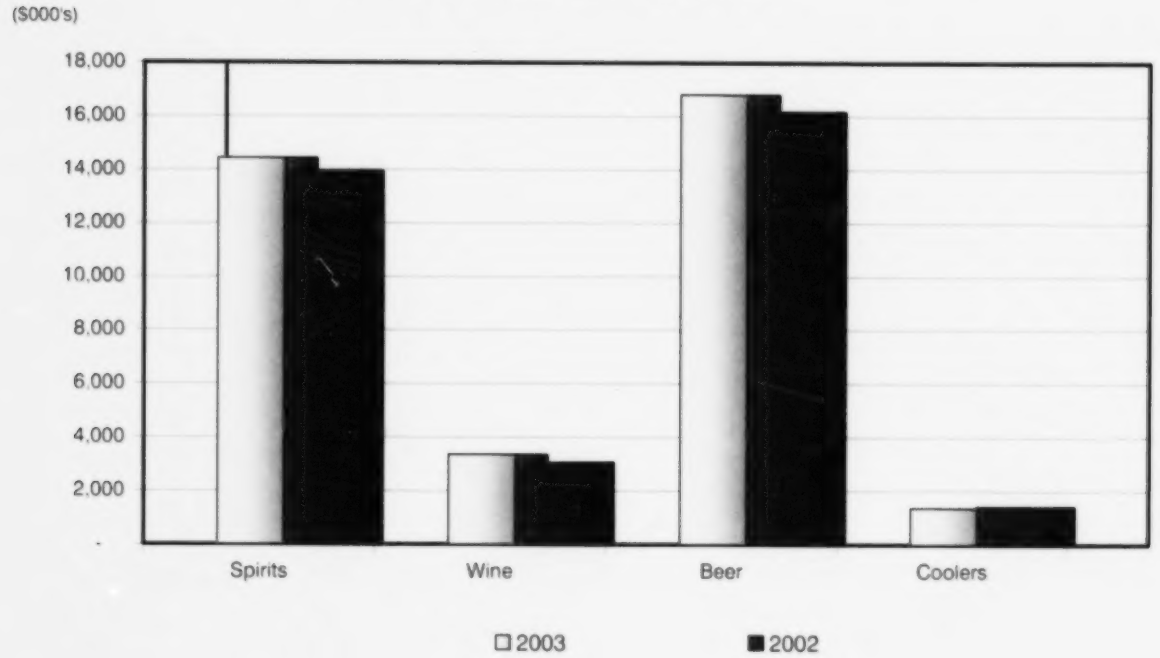
Store Operations

Liquor sold by Location

($000's)	Spirits	Wine	Beer	Coolers	2003	2002
Yellowknife	7,686	2,346	8,842	715	19,589	18,696
Inuvik	3,009	371	2,835	317	6,532	6,605
Hay River	1,640	268	2,561	167	4,636	4,426
Norman Wells	690	72	868	60	1,690	1,576
Fort Smith	539	213	1,056	79	1,887	1,721
Fort Simpson	849	33	628	38	1,548	1,508
Other*	5	60	12	-	77	47
Total 2003	14,418	3,363	16,802	1,376	35,959	
Total 2002	13,927	3,058	16,165	1,429		34,579
% Increase	4	10	4	-4	4	

*Other consists of miscellaneous sales that do not conform to the prescribed commission sales.

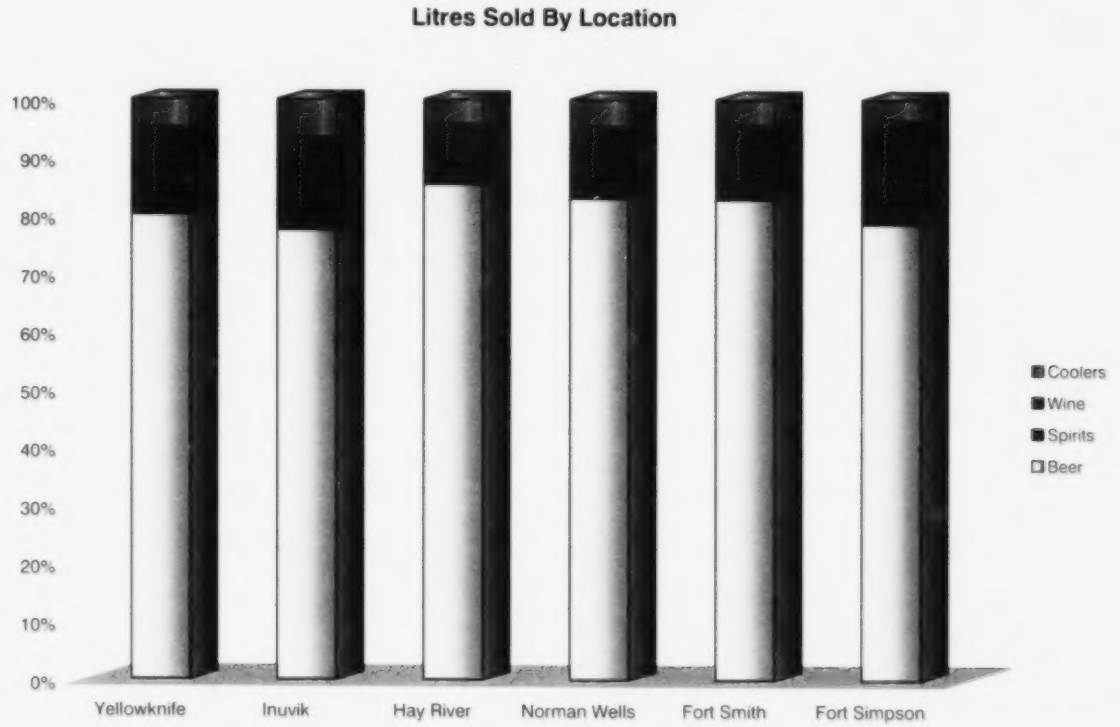
Change in Liquor Sales by Category



Litres Sold by Location

(000's)	Spirits	Wine	Beer	Coolers	2003	2002
Yellowknife	227	170	2,095	126	2,618	2,423
Inuvik	87	28	552	46	713	722
Hay River	49	21	564	27	658	630
Norman Wells	20	5	164	9	198	188
Fort Smith	16	17	210	254	254	238
Fort Simpson	24	2	113	5	144	136
Other*	-	3	2	-	5	7
Total 2003	423	246	3,697	224	4,590	
Total 2002	404	235	3,481	224		4,344
% Increase	**5**	**5**	**6**	**0**	**6**	

*Other consists of miscellaneous sales that do not conform to the prescribed commission sales.



YELLOWKNIFE OPERATIONS

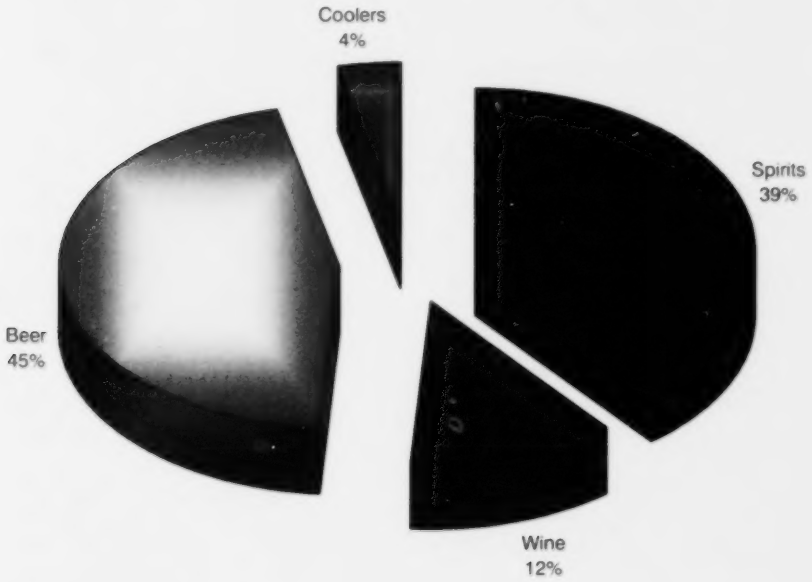
Statement of Operations for the year ended March 31, 2003

	2003					2002
($000's)	**Spirits**	**Wine**	**Beer**	**Coolers**	**Total**	**Total**
Sales						
Consumers*	6,391	1,903	5,512	487	**14,293**	13,444
Licensees	1,294	443	3,331	228	**5,296**	5,252
	7,685	2,346	8,843	715	**19,589**	18,696
Cost of goods sold						
Beginning inventory	573	294	529	51	**1,447**	1,706
Purchases	2,095	874	3,456	288	**6,713**	6,268
Freight	42	44	353	26	**465**	432
Cost of goods available for resale	2,710	1,212	4,338	365	**8,625**	8406
Ending inventory	376	172	284	42	**874**	1,447
	2,334	1,040	4,054	323	**7,751**	6,959
Gross income	5,351	1,306	4,789	392	**11,838**	11,737
Operating expenses					**646**	1,394
Net income					**11,192**	10,343

* sales made to privatised retail liquor stores in Yellowknife

efficiency ratio:						
inventory turns	4.92	4.46	9.97	6.95	6.68	4.41

Yellowknife Sales by Category

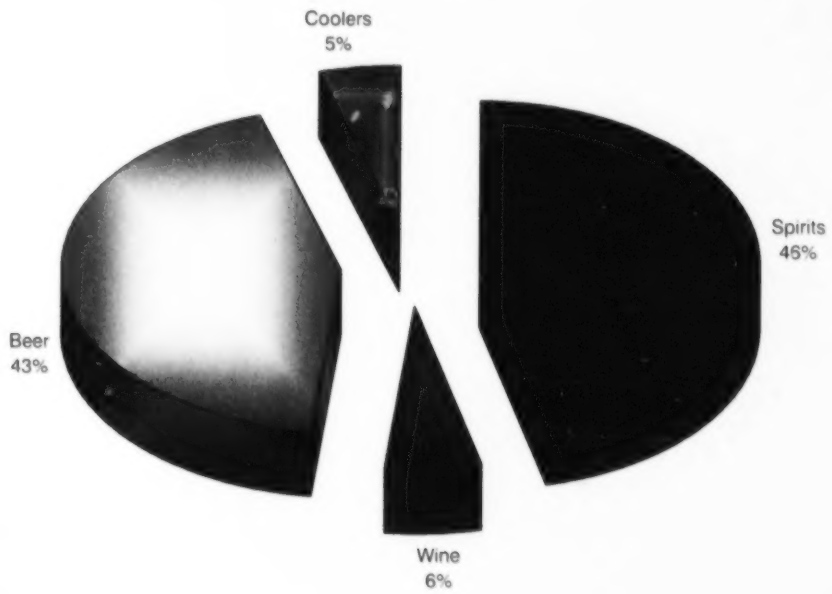


INUVIK OPERATIONS

Statement of Operations for the year ended March 31, 2003

	2003					2002
($000's)	**Spirits**	**Wine**	**Beer**	**Coolers**	**Total**	**Total**
Sales						
Consumers	2,594	318	1,452	189	4,553	4,627
Licensees	415	53	1,383	128	1,979	1,978
	3,009	371	2,835	317	6,532	6,605
Cost of goods sold						
Beginning inventory	144	61	232	23	460	581
Purchases	890	119	997	121	2,127	1,929
Freight	47	15	277	33	372	357
Cost of goods available for resale	1,081	195	1,506	177	2,959	2,867
Ending inventory	200	60	256	31	547	460
	881	135	1,250	146	2,412	2,407
Gross income	2,128	236	1,585	171	4,120	4,198
Operating expenses					608	566
Net income					3,512	3,632
efficiency ratio:						
inventory turns	5.12	2.23	5.12	5.41	4.79	4.62

Inuvik Sales by Category

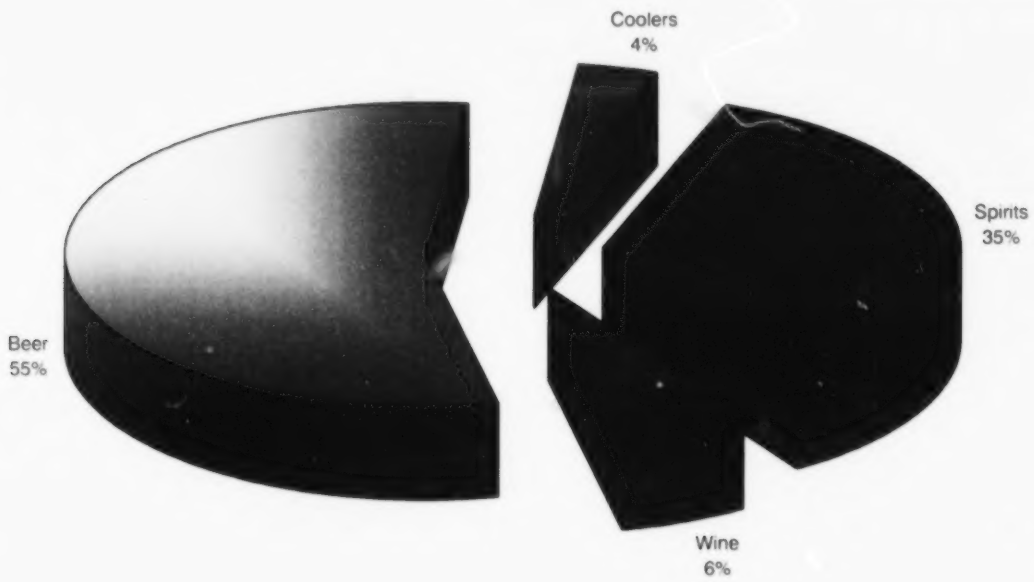


HAY RIVER OPERATIONS

Statement of Operations for the year ended March 31, 2003

	2003					2002
($000's)	**Spirits**	**Wine**	**Beer**	**Coolers**	**Total**	**Total**
Sales						
Consumers	1,403	243	1,495	127	**3,268**	3,096
Licensees	237	25	1,066	40	**1,368**	1,329
	1,640	268	2,561	167	**4,636**	4,425
Cost of goods sold						
Beginning inventory	250	86	73	49	**458**	461
Purchases	498	65	996	85	**1,644**	1,477
Freight	4	3	84	4	**95**	100
Cost of goods available for resale	752	154	1,153	138	**2,197**	2,038
Ending inventory	310	96	92	47	**545**	458
Cost of goods sold	442	58	1,061	91	**1,652**	1,580
Gross income	1,198	210	1,500	76	**2,984**	2,845
Operating expenses					**526**	486
Net income					**2,458**	2,359
efficiency ratio:						
inventory turns	1.58	0.64	12.86	1.90	3.29	3.44

Hay River Sales by Category



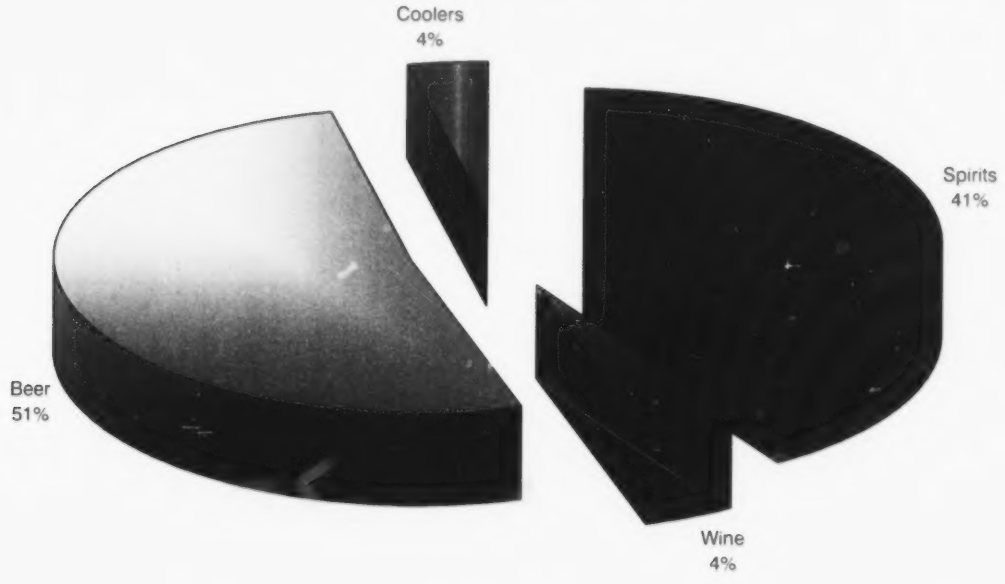
NORMAN WELLS OPERATIONS

Statement of Operations for the year ended March 31, 2003

	2003					2002
($000's)	**Spirits**	**Wine**	**Beer**	**Coolers**	**Total**	**Total**
Sales						
Consumers	590	59	589	45	1,283	1,197
Licensees	100	13	279	15	407	379
	690	72	868	60	1,690	1,576
Cost of goods sold						
Beginning inventory	100	17	92	13	222	210
Purchases	172	30	283	23	508	498
Freight	10	3	59	6	78	70
Cost of goods available for resale	282	50	434	42	808	778
Ending inventory	85	19	91	17	212	222
	197	31	343	25	596	556
Gross income	493	41	525	35	1,094	1,020
Operating expenses					210	195
Net income					884	825

efficiency ratio:						
inventory turns	2.13	1.72	3.75	1.67	2.75	2.57

Norman Wells Sales by Category

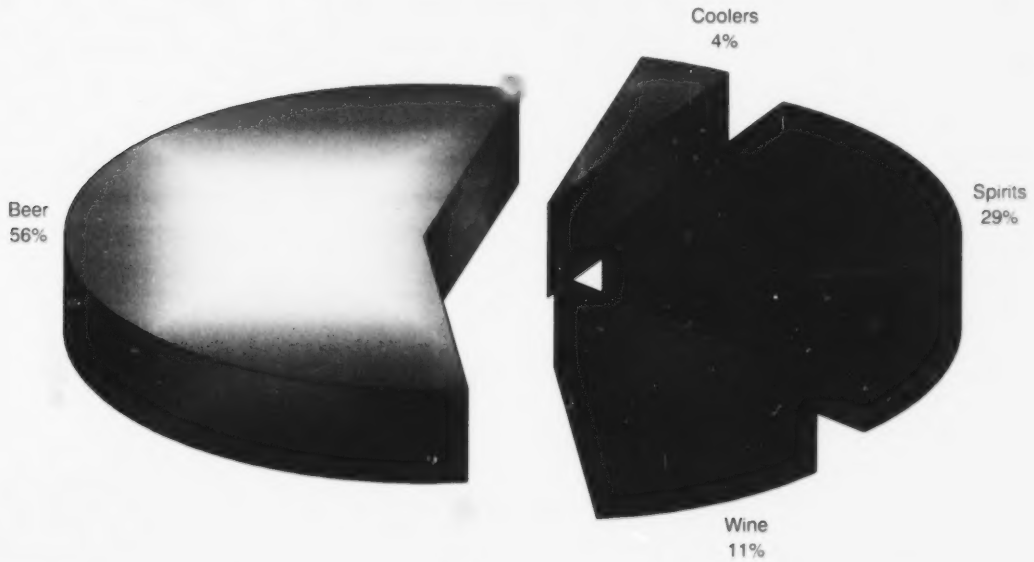


FORT SMITH OPERATIONS

Statement of Operations for the year ended March 31, 2003

	2003					2002
($000's)	**Spirits**	**Wine**	**Beer**	**Coolers**	**Total**	**Total**
Sales						
Consumers	431	208	643	58	1,340	1,252
Licensees	108	5	413	21	547	469
	539	213	1,056	79	1,887	1,721
Cost of goods sold						
Beginning inventory	33	15	25	2	75	83
Purchases	157	84	375	16	632	602
Freight	7	8	45	5	65	50
Cost of goods available for resale	197	107	445	23	772	735
Ending inventory	29	16	19	2	66	75
	168	91	426	21	706	660
Gross income	371	122	630	58	1,181	1,061
Operating expenses					226	186
Net income					955	875
efficiency ratio:						
inventory turns	5.42	5.87	19.36	10.50	10.01	8.35

Fort Smith Sales by Category



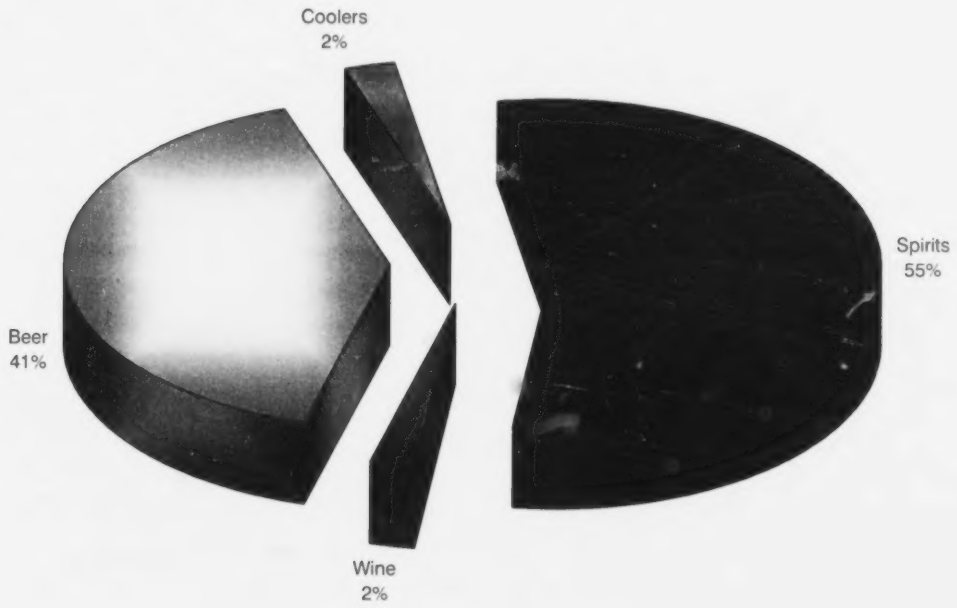
FORT SIMPSON OPERATIONS

Statement of Operations for the year ended March 31, 2003

	2003					2002
($000's)	**Spirits**	**Wine**	**Beer**	**Coolers**	**Total**	**Total**
Sales						
Consumers	781	32	338	20	1,171	1195
Licensees	68	1	291	18	378	313
	849	33	629	38	1,549	1,508
Cost of goods sold						
Beginning inventory	29	4	8	1	42	48
Purchases	256	13	221	6	496	442
Freight	13	1	26	2	42	31
Cost of goods available for resale	298	18	255	9	580	521
Ending inventory	28	4	30	1	63	42
	270	14	225	8	517	479
Gross income	579	19	404	30	1,032	1,029
Operating expenses					193	184
Net income					839	845

efficiency ratio:						
inventory turns	9.47	3.50	11.84	8.00	9.85	10.64

Fort Simpson Sales by Category



Sales to Licensees

($000's)		Spirits	Wine	Beer	Coolers	2003	2002
Yellowknife		1,294	443	3,331	228	5,296	5,252
Inuvik		415	53	1,383	128	1,979	1,978
Hay River		237	25	1,066	40	1,368	1,329
Norman Wells		100	13	279	15	407	379
Fort Smith		108	5	413	21	547	469
Fort Simpson		68	1	291	18	378	313
Other		5	1	12		18	
	Total 2003	2,227	541	6,775	450	9,993	
	Total 2002	2,112	540	6,569	499		9,720
	% Increase (Decrease)	5	0	3	-10	3	

(000's litres)		Spirits	Wine	Beer	Coolers	2003	2002
Yellowknife		38	31	797	39	905	865
Inuvik		12	4	267	18	301	305
Hay River		7	2	236	6	251	244
Norman Wells		3	1	53	2	59	57
Fort Smith		3	-	81	3	87	78
Fort Simpson		2	-	55	2	59	49
Other				2		2	5
	Total 2003	65	38	1,491	70	1,664	
	Total 2002	63	39	1,424	77		1,603
	% Increase (Decrease)	3	3	5	9	4	

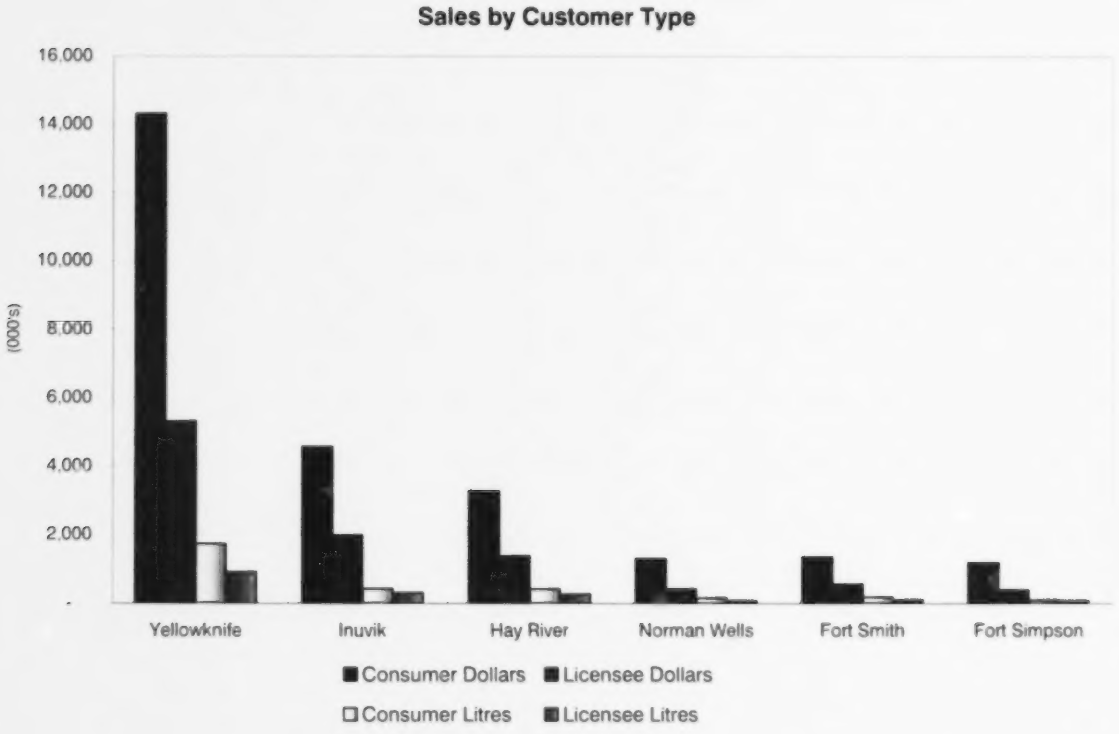
Sales to Consumers

($000's)	Spirits	Wine	Beer	Coolers	2003	2002
Yellowknife	6,391	1,903	5,512	487	14,293	22,195
Inuvik	2,594	318	1,452	189	4,553	6,512
Hay River	1,403	243	1,495	127	3,268	5,133
Norman Wells	590	59	589	45	1,283	1,976
Fort Smith	431	208	643	58	1,340	2,249
Fort Simpson	781	32	338	20	1,171	1,561
Other		58			58	116
Total 2003	12,190	2,821	10,029	926	25,966	
Total 2002	11,781	2,518	9,582	930		24,811
% Increase (Decrease)	3	12	5	0	5	

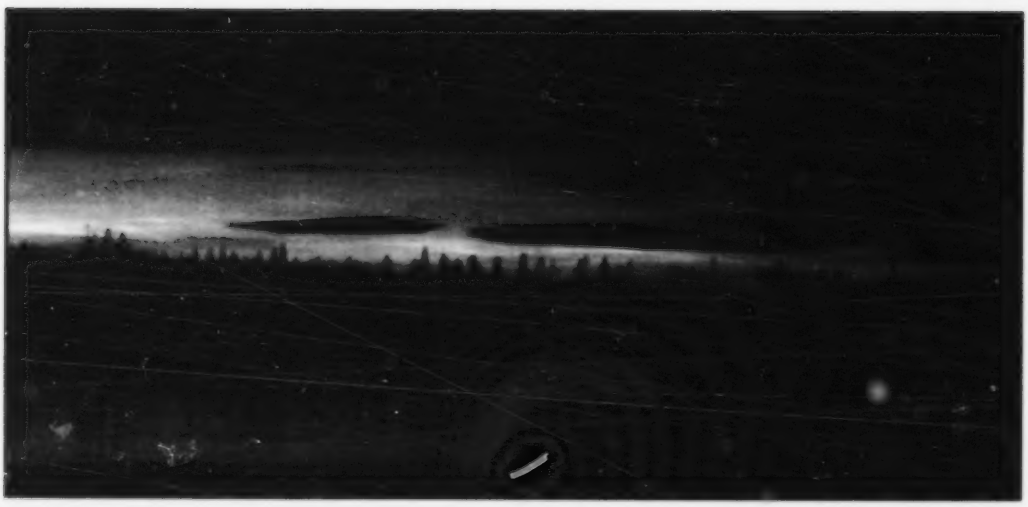
(000's litres)	Spirits	Wine	Beer	Coolers	2003	2002
Yellowknife	189	139	1,298	87	1,713	1,558
Inuvik	75	24	285	28	412	417
Hay River	42	19	325	21	407	386
Norman Wells	17	4	111	7	139	131
Fort Smith	13	17	129	8	167	160
Fort Simpson	22	2	58	3	85	87
Other		3			3	2
Total 2003	358	208	2,206	154	2,926	
Total 2002	341	196	2,057	147		2,741
% Increase (Decrease)	5	6	7	5	7	

Sales by Customer Type

	($000's)			(000's litres)		
	Consumers	Licensees	Total 2003	Consumers	Licensees	Total 2003
Yellowknife	14,293	5,296	19,589	1,713	905	2,618
Inuvik	4,553	1,979	6,532	412	301	713
Hay River	3,268	1,368	4,636	407	251	658
Norman Wells	1,283	407	1,690	139	59	198
Fort Smith	1,340	547	1,887	167	87	254
Fort Simpson	1,171	378	1,549	85	59	144
Other	58	18	76	3	2	5
Total 2003	25,966	9,993	35,959	2,926	1,664	4,590
Total 2002	24,840	9,740	34,580	2,741	1,603	4,344



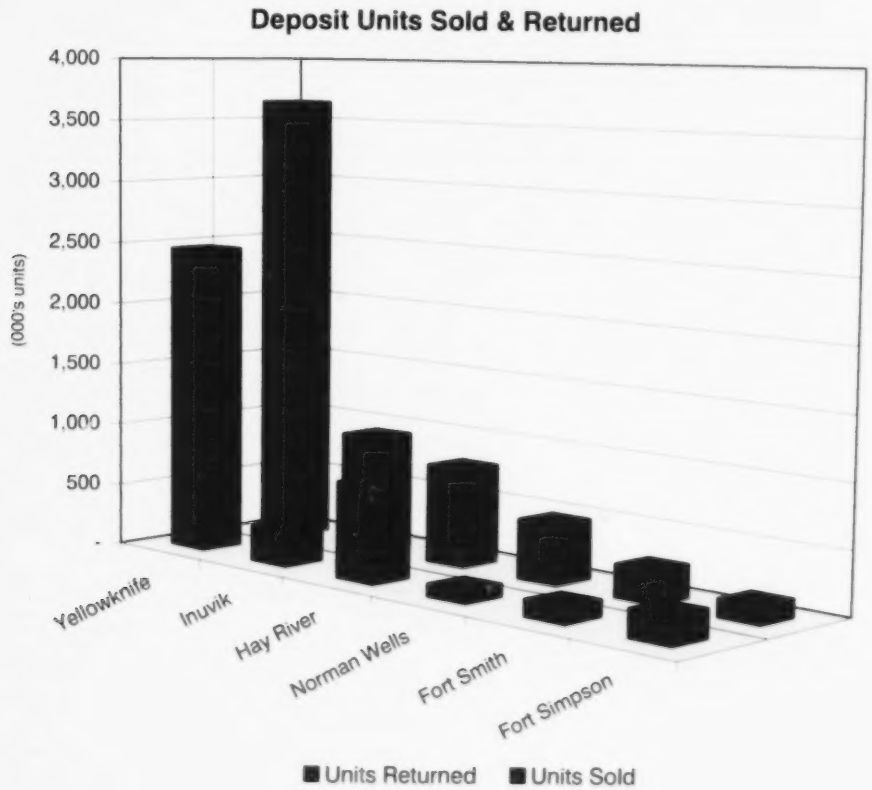
Recycle Program



Bottle Depot Operations

March 31, 2003

($000's)		2003	2002
Income			
	Deposits collected on sales	708	689
	Increase (decrease) in allowance for outstanding deposits	(7)	7
Total income		701	696
Expenditures			
	Deposits reimbursed to agents on returns	502	402
	Fees paid to agents on returns	158	66
	Amortization of recycling equipment	-	-
	Accrued liability to agents	-	-
Total Expenditures		660	468
Surplus		41	228



Deposits Units Sold and Returned by Location

(000's)	Spirits		Wine		Beer		Coolers		2003		2002	
	Sales	Returns	Sales	Returns	Sales	Returns	Sales	Returns	Sales	Returns	Sales	Returns
Yellowknife	344	255	196	175	2,857	1,662	248	365	3,645	2,457	3,157	1,958
Inuvik	109	24	31	17	704	161	84	81	928	283	956	315
Hay River	74	58	23	27	629	604	56	69	782	758	732	723
Norman Wells	21	3	6	2	427	88	16	5	470	98	435	89
Fort Smith	23	12	22	21	190	75	21	24	256	132	225	74
Fort Simpson	33	83	2	34	98	91	10	10	143	218	158	124
Total 2003	604	435	280	276	4,905	2,681	435	554	6,224	3,946		
Total 2002	575	286	263	198	4,280	2,391	545	408			5,663	3,283
% change	5.0	52.1	6.5	39.4	14.6	12.1	-20.2	35.8	9.9	20.2		

Ratio of Returns to Sales

(%)	Spirits	Wine	Beer	Coolers	2003	2002
Yellowknife	74.1	89.3	58.2	147.2	67.4	62.0
Inuvik	22.0	54.8	22.9	96.4	30.5	32.9
Hay River	78.4	117.4	96.0	123.2	96.9	98.9
Norman Wells	14.3	33.3	20.6	31.3	20.9	20.2
Fort Smith	52.2	95.5	39.5	114.3	51.6	32.9
Fort Simpson	251.5	1,700.0	92.9	100.0	152.4	78.5
Total 2003	72.0	98.6	54.7	127.4	63.4	
Total 2002	49.7	75.3	53.5	74.9		56.1
% change	22.3	23.3	1.2	52.5	7.3	

Deposits Collected and Paid by Location

($000's)	Spirits		Wine		Beer		Coolers		2003		2002	
	Collected	Paid	Collected	Paid	Collected	Paid	Collected	Paid	Collected	Paid	Collected	Paid
Yellowknife	86	64	49	44	286	166	25	37	446	310	391	244
Inuvik	27	6	8	4	69	16	11	8	115	34	115	38
Hay River	19	15	6	7	63	60	7	7	94	89	86	82
Norman Wells	5	1	2	1	43	9	2	1	52	11	48	11
Fort Smith	6	3	5	5	15	8	3	2	29	18	28	10
Fort Simpson	8	21	1	9	10	9	1	1	20	39	21	17
Total 2003	151	109	70	70	485	268	48	55	708	502		
Total 2002	144	72	66	50	427	239	52	41			689	402
% change	4.9	51.4	6.1	39.0	13.6	12.2	-6.9	35.1	2.8	24.9		

Depot Fees Paid to Operators

($000's)	Spirits	Wine	Beer	Coolers	2003	2002
Yellowknife	10	7	66	7	98	39
Inuvik	1	1	6	3	11	6
Hay River	2	1	24	3	30	16
Norman Wells	0	0	4	0	4	2
Fort Smith	0	1	3	1	5	1
Fort Simpson	3	1	4	0	9	2
Total 2003	16	11	107	13	157	
Total 2002	7	3	48	8		66
% change	89.7	237.3	122.4	46.0	113.6	

Depot fee increased in 2003 from $0.02 per unit to $0.04.

Notes